

United Cities Gas Company
A Division of Atmos Energy Company

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United Cities Company
A Division of Atmos Energy Corporation

Pro Forma Capital Structure

As of September 30, 2000

Item	Amount	Share
Shareholders' Equity	\$ 469,507,895	49.80%
Long Term Debt	\$ 379,454,280	40.25%
Short Term Debt	\$ 93,843,896	9.95%
Total Capital	\$ 942,806,071	100.00%

Source:
United Cities Gas Company Work Papers

United Cities Company

A Division of Atmos Energy Corporation

Pro Forma Long Term Debt

As of September 30, 1999

Issue	Amount Outstanding	Interest Rate	Effective Annual Cost
First Mortgage Series J	17,000,000	9.40%	1,598,000
First Mortgage Series N	1,000,000	8.69%	86,900
First Mortgage Series P	22,500,000	10.43%	2,346,750
First Mortgage Series Q	20,000,000	9.75%	1,950,000
First Mortgage Series R	10,720,000	11.32%	1,213,504
First Mortgage Series T	18,000,000	9.32%	1,677,600
First Mortgage Series U	20,000,000	8.77%	1,754,000
First Mortgage Series V	10,000,000	7.50%	750,000
11.2% Senior Note	8,000,000	11.20%	896,000
9.76% Senior Note	18,000,000	9.76%	1,756,800
9.57% Senior Note	14,000,000	9.57%	1,339,800
7.95% Senior Note	7,000,000	7.95%	556,500
8.07% Senior Note	20,000,000	8.07%	1,614,000
8.26% Senior Note	20,000,000	8.26%	1,652,000
10.00% M D. Fredericks	1,151,654	10.00%	115,165
10.00% Kingdom Foundation	1,151,654	10.00%	115,165
6.75% Debentures	150,000,000	6.75%	10,125,000
SUBTOTAL	358,523,308		29,547,185

MTN, Series A			
1995-1	10,000,000	6.67%	667,000
1995-2	10,000,000	6.27%	627,000
1995-3	2,000,000	6.20%	124,000
SUBTOTAL	22,000,000		1,418,000
TOTAL	380,523,308		30,965,185

Atmos Leasing, Inc.

Columbus IDB	1,833,333	7.90%	144,833
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ATMOS PROPANE, INC.

Baxter, KY - Harlan LP	687,500	7.50%	51,563
Boone, NC - High Country	138,507	7.50%	10,388
Clarksville, Tn - Harris	1,280,000	7.00%	89,600
Evansville, Tn - E-Con	1,176,875	7.00%	82,381
Johnson City - Duncan	369,614	7.00%	25,873
Murfreesboro - Harrell	492,188	7.00%	34,453
Petersburg, Tn - Massey	400,000	7.00%	28,000
Pulaski - Ingas ** Adj Int Rate	900,000	8.50%	76,500
	5,444,684		398,758

UNITED CITIES GAS STORAGE

NationsBank-Sr Sec. Term Note	7,529,593	7.45%	560,955
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Total Consolidated LTD	\$ 395,330,917		\$32,069,731
Amortiz of Debt Exp. a/c 4280 (FY99)			\$ 388,632
Total Est Annual Interest Expense & Rate		8.21%	\$32,458,362

Source: United Cities Gas Company Work Papers

United Cities Company

A Division of Atmos Energy Corporation

Pro Forma Shareholders' Equity

As of September 30, 2000

Item	Amount
Common Stock	\$ 163,853
Paid In Capital	\$ 340,001,637
Retained Earnings	\$ 129,342,405
Total Shareholders' Equity	\$ 469,507,895

Source:
Energas Company Work Papers

United Cities Gas Company

A Division of Atmos Energy Corporation

Equity Ratio Comparison for the Past Five Years

	1994	1995	1996	1997	1998	Five Year Average
Atmos Energy Corporation	52.0%	54.7%	58.5%	51.9%	48.2%	53.1%
AGL Resources	45.8%	47.6%	48.9%	45.9%	47.1%	47.1%
Energen Corporation	58.5%	56.9%	49.1%	51.9%	46.9%	52.7%
Laclede Gas	55.5%	59.3%	57.1%	61.6%	58.6%	58.4%
New Jersey Resources	42.0%	41.0%	45.8%	47.1%	45.6%	44.3%
Northwest Natural Gas	45.1%	50.3%	52.8%	49.0%	50.6%	49.6%
Piedmont Natural Gas	49.1%	49.6%	49.7%	52.4%	55.3%	51.2%
Comparable Companies' Averages	49.3%	50.8%	50.6%	51.3%	51.4%	50.7%

Source: Value Line Investment Survey

United Cities Gas Company

Comparable Local Distribution Companies

Growth Rate Summary

	1994 TO 2003 Estimate		Value Line		Value Line		Projections		S & P
	E/S	D/S	BK Value	E/S	Five Year Historical	Value Line	Value Line	D/S	
					D/S	E/S	E/S		E/S
Atmos Energy Corporation	11.5%	5.2%	6.5%	9.5%	4.0%	4.0%	11.5%	5.5%	7.0%
AGL Resources	4.0%	1.1%	3.5%	5.0%	1.0%	2.5%	3.5%	2.0%	5.0%
Energizer Corporation	8.6%	3.5%	8.9%	7.5%	4.0%	9.5%	9.5%	3.5%	7.0%
Laclede Gas	5.4%	2.1%	3.3%	5.5%	1.5%	3.5%	4.5%	2.5%	4.0%
New Jersey Resources	6.7%	2.2%	4.0%	9.5%	1.0%	2.5%	7.0%	2.5%	6.0%
Northwest Natural Gas	3.4%	1.6%	4.7%	8.5%	1.0%	5.0%	6.0%	2.0%	4.0%
Piedmont Natural Gas	7.4%	5.2%	6.6%	8.0%	6.0%	6.5%	6.5%	4.5%	6.0%
Comparable Companies' Average	5.92%	2.61%	5.16%	7.33%	2.42%	4.92%	6.17%	2.83%	5.33%

Sources : Value Line Investment Survey
Standard & Poor's Earnings Guide

United Cities Gas Company
Comparable Local Distribution Companies
1999 Cost of Capital

	Share Prices		1999	1999 Yields		1993-95	2002-04E	Growth	Cost of Capital	
	High	Low	Dividend	High	Low	Dividend	Dividend	Rate	High	Low
Atmos Energy Corporation	33.00	20.80	1.10	5.29%	3.33%	0.89	1.40	5.21%	10.49%	8.54%
AGL Resources	23.40	15.60	1.08	6.92%	4.62%	1.04	1.15	1.07%	8.00%	5.69%
Energen Corporation	21.30	13.10	0.65	4.96%	3.05%	0.55	0.75	3.51%	8.47%	6.56%
Laclede Gas	27.00	20.00	1.34	6.70%	4.96%	1.23	1.48	2.11%	8.81%	7.07%
New Jersey Resources	41.10	33.60	1.68	5.00%	4.09%	1.52	1.85	2.21%	7.21%	6.29%
Northwest Natural Gas	27.90	19.50	1.23	6.31%	4.41%	1.17	1.35	1.57%	7.88%	5.98%
Piedmont Natural Gas	36.60	28.60	1.36	4.76%	3.72%	1.02	1.60	5.17%	9.92%	8.88%
Comparable Companies' Average	29.55	21.73	1.22	5.77%	4.14%	1.09	1.36	2.61%	8.38%	6.75%

Source : Value Line Investment Survey

United Cities Gas Company
Comparable Local Distribution Companies
1999 Cost of Capital

	Share Prices		1999	1999 Yields		1993-95	2002-04E	Growth	Cost of Capital	
	High	Low	Dividend	High	Low	EPS	EPS	Rate	High	Low
Atmos Energy Corporation	33.00	20.80	1.10	5.29%	3.33%	1.13	3.00	11.50%	16.78%	14.83%
AGL Resources	23.40	15.60	1.08	6.92%	4.62%	1.19	1.70	4.01%	10.93%	8.63%
Energen Corporation	21.30	13.10	0.65	4.96%	3.05%	0.93	1.95	8.57%	13.54%	11.63%
Laclede Gas	27.00	20.00	1.34	6.70%	4.96%	1.43	2.30	5.40%	12.10%	10.36%
New Jersey Resources	41.10	33.60	1.68	5.00%	4.09%	1.85	3.30	6.66%	11.66%	10.75%
Northwest Natural Gas	27.90	19.50	1.23	6.31%	4.41%	1.66	2.25	3.44%	9.74%	7.85%
Piedmont Natural Gas	36.60	28.60	1.36	4.76%	3.72%	1.42	2.70	7.43%	12.18%	11.14%
Comparable Companies' Average	29.55	21.73	1.22	5.77%	4.14%	1.41	2.37	5.92%	11.69%	10.06%

Source : Value Line Investment Survey

United Cities Gas Company
Comparable Local Distribution Companies
1999 Cost of Capital

	Share Prices		1999	1999 Yields		EPS Estimates		Cost of Capital	
	High	Low	Dividend	High	Low	Value Line	S&P	High	Low
Atmos Energy Corporation	33.00	20.80	1.10	5.29%	3.33%	11.50%	7.00%	16.79%	10.33%
AGL Resources	23.40	15.60	1.08	6.92%	4.62%	3.50%	5.00%	11.92%	8.12%
Energen Corporation	21.30	13.10	0.65	4.96%	3.05%	9.50%	7.00%	14.46%	10.05%
Laclede Gas	27.00	20.00	1.34	6.70%	4.96%	4.50%	4.00%	11.20%	8.96%
New Jersey Resources	41.10	33.60	1.68	5.00%	4.09%	7.00%	6.00%	12.00%	10.09%
Northwest Natural Gas	27.90	19.50	1.23	6.31%	4.41%	6.00%	4.00%	12.31%	8.41%
Piedmont Natural Gas	36.60	28.60	1.36	4.76%	3.72%	6.50%	6.00%	11.26%	9.72%
Comparable Companies' Average	29.55	21.73	1.22	5.77%	4.14%	6.17%	5.33%	12.19%	9.22%

Sources : Value Line Investment Survey
Standard & Poor's Earnings Guide

United Cities Gas Company

Comparable Local Distribution Companies

Current Cost of Capital

	Share Prices		Current	Current Yields		1993-95	2002-04E	Growth	Cost of Capital	
	High	Low	Dividend	High	Low	Dividend	Dividend	Rate	High	Low
Atmos Energy Corporation	20.33	19.86	1.10	5.54%	5.41%	0.89	1.40	5.21%	10.74%	10.62%
AGL Resources	17.23	16.72	1.08	6.46%	6.27%	1.04	1.15	1.07%	7.53%	7.34%
Energen Corporation	17.46	16.76	0.65	3.88%	3.72%	0.55	0.75	3.51%	7.38%	7.23%
Laclede Gas	21.70	21.34	1.34	6.28%	6.17%	1.23	1.48	2.11%	8.39%	8.28%
New Jersey Resources	38.49	37.85	1.68	4.44%	4.37%	1.52	1.85	2.21%	6.65%	6.57%
Northwest Natural Gas	21.94	21.08	1.23	5.83%	5.61%	1.17	1.35	1.57%	7.40%	7.18%
Piedmont Natural Gas	30.21	29.47	1.36	4.62%	4.50%	1.02	1.60	5.17%	9.78%	9.67%
Comparable Companies' Average	24.50	23.87	1.22	5.25%	5.11%	1.09	1.36	2.61%	7.86%	7.71%

Sources:

Value Line Investment Survey

Wall Street Journal

United Cities Gas Company

Comparable Local Distribution Companies

Current Cost of Capital

	Share Prices		Current	Current Yields		1993-95	2002-04E	Growth	Cost of Capital	
	High	Low	Dividend	High	Low	EPS	EPS	Rate	High	Low
Atmos Energy Corporation	20.33	19.86	1.10	5.54%	5.41%	1.13	3.00	11.50%	17.03%	16.91%
AGL Resources	17.23	16.72	1.08	6.46%	6.27%	1.19	1.70	4.01%	10.47%	10.28%
Energen Corporation	17.46	16.76	0.65	3.88%	3.72%	0.93	1.95	8.57%	12.45%	12.30%
Laclede Gas	21.70	21.34	1.34	6.28%	6.17%	1.43	2.30	5.40%	11.67%	11.57%
New Jersey Resources	38.49	37.85	1.68	4.44%	4.37%	1.85	3.30	6.66%	11.10%	11.03%
Northwest Natural Gas	21.94	21.08	1.23	5.83%	5.61%	1.66	2.25	3.44%	9.27%	9.04%
Piedmont Natural Gas	30.21	29.47	1.36	4.62%	4.50%	1.42	2.70	7.43%	12.04%	11.93%
Comparable Companies' Average	24.50	23.87	1.22	5.25%	5.11%	1.41	2.37	5.92%	11.17%	11.02%

Sources:

Value Line Investment Survey

Wall Street Journal

United Cities Gas Company
Comparable Local Distribution Companies
Current Cost of Capital

	Share Prices		Current	Current Yields		EPS Estimates		Cost of Capital	
	High	Low	Dividend	High	Low	Value Line	S&P	High	Low
Atmos Energy Corporation	20.33	19.86	1.10	5.54%	5.41%	11.50%	7.00%	17.04%	12.41%
AGL Resources	17.23	16.72	1.08	6.46%	6.27%	3.50%	5.00%	11.46%	9.77%
Energen Corporation	17.46	16.76	0.65	3.88%	3.72%	9.50%	7.00%	13.38%	10.72%
Laclede Gas	21.70	21.34	1.34	6.28%	6.17%	4.50%	4.00%	10.78%	10.17%
New Jersey Resources	38.49	37.85	1.68	4.44%	4.37%	7.00%	6.00%	11.44%	10.37%
Northwest Natural Gas	21.94	21.08	1.23	5.83%	5.61%	6.00%	4.00%	11.83%	9.61%
Piedmont Natural Gas	30.21	29.47	1.36	4.62%	4.50%	6.50%	6.00%	11.12%	10.50%
Comparable Companies' Average	24.50	23.87	1.22	5.25%	5.11%	6.17%	5.33%	11.67%	10.19%

Sources : Value Line Investment Survey
Standard & Poor's Earnings Guide
Wall Street Journal

United Cities Gas Company

A Division of Atmos Energy Corporation

Summary of Discounted Cash Flow Analysis

	DCF Range	
	High	Low
DCF Using 1999 Dividend Yields		
Atmos Energy Corporation	10.74%	8.54%
Comparable Companies' Average	8.38%	6.75%
DCF Using Current Dividend Yields		
Atmos Energy Corporation	17.04%	10.33%
Comparable Companies' Average	12.19%	9.22%

Sources : Schedules DAM-6 through DAM-14

United Cities Gas Company

Comparable Local Distribution Companies

Cost of Equity : Historical Capital Asset Pricing Model

	Market Total Returns	Long-Term Corporate Bonds Return	Risk Premium	Beta	Adjusted Risk Premium	Aaa Corporate Bonds Return	Cost of Equity
Atmos Energy Corporation	15.30%	6.10%	9.20%	0.55	5.06%	7.55%	12.61%
AGL Resources	15.30%	6.10%	9.20%	0.65	5.98%	7.55%	13.53%
Energen Corporation	15.30%	6.10%	9.20%	0.75	6.90%	7.55%	14.45%
Laclede Gas	15.30%	6.10%	9.20%	0.50	4.60%	7.55%	12.15%
New Jersey Resources	15.30%	6.10%	9.20%	0.55	5.06%	7.55%	12.61%
Northwest Natural Gas	15.30%	6.10%	9.20%	0.60	5.52%	7.55%	13.07%
Piedmont Natural Gas	15.30%	6.10%	9.20%	0.55	5.06%	7.55%	12.61%
Comparable Companies' Average	15.30%	6.10%	9.20%	0.60	5.52%	7.55%	13.07%

Sources :
Value Line Investment Survey
Ibbotson Associates 1999 SBBI Yearbook
Federal Reserve Statistical Release

United Cities Gas Company

Comparable Local Distribution Companies

Cost of Equity : Size Adjusted Capital Asset Pricing Model

	Risk Free Return	Beta	Equity Risk Premium	Adjusted Equity Risk Premium	Size Premium	Cost of Equity
Atmos Energy Corporation	6.63%	0.55	8.00%	4.40%	1.10%	12.13%
AGL Resources	6.63%	0.65	8.00%	5.20%	0.50%	12.33%
Energen Corporation	6.63%	0.75	8.00%	6.00%	1.10%	13.73%
Laclede Gas	6.63%	0.50	8.00%	4.00%	1.10%	11.73%
New Jersey Resources	6.63%	0.55	8.00%	4.40%	1.10%	12.13%
Northwest Natural Gas	6.63%	0.60	8.00%	4.80%	1.10%	12.53%
Piedmont Natural Gas	6.63%	0.55	8.00%	4.40%	0.50%	11.53%
Comparable Companies' Average	6.63%	0.60	8.00%	4.80%	0.90%	12.33%

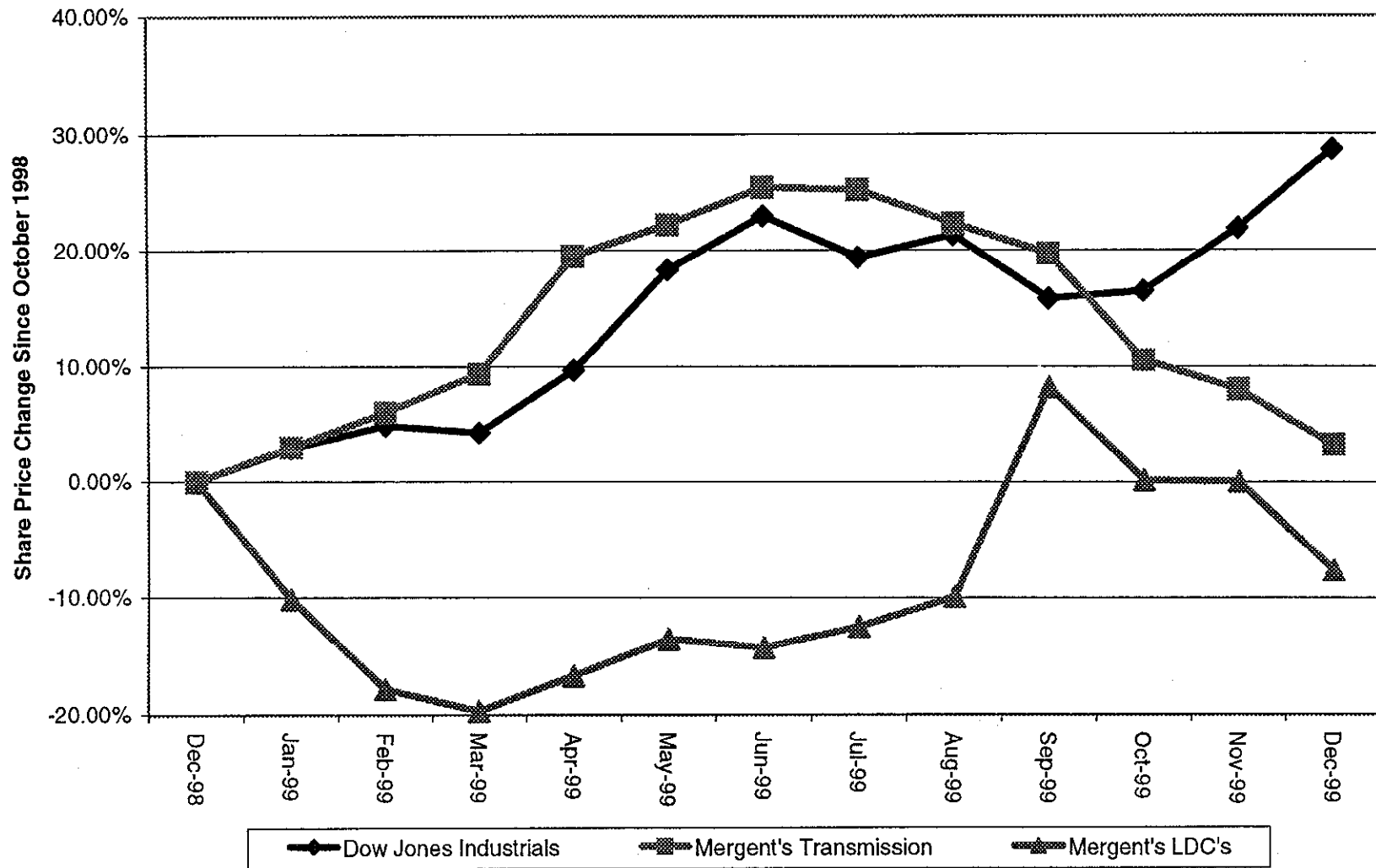
Sources :

Value Line Investment Survey

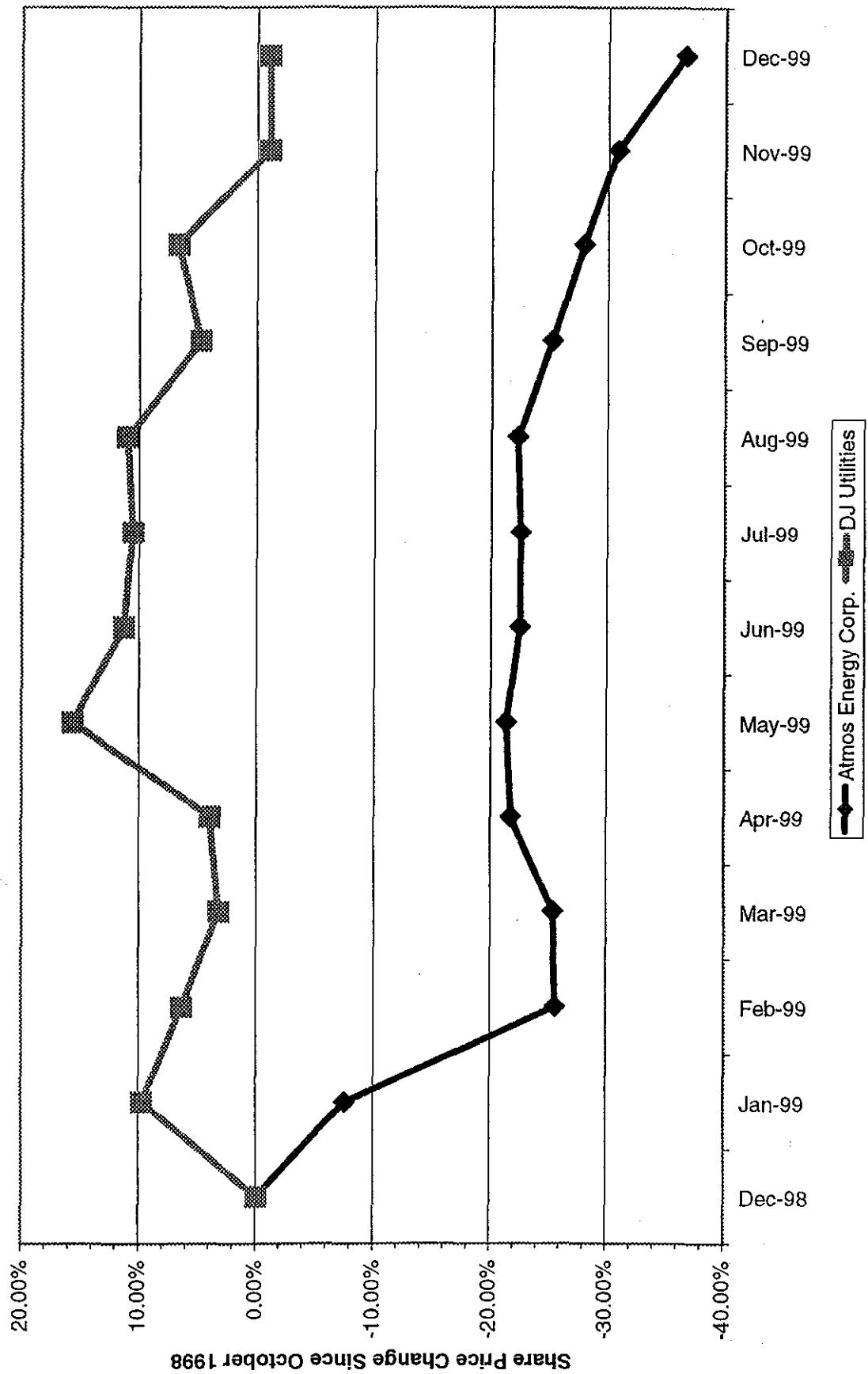
Ibbotson Associates 1999 SBBI Yearbook

Federal Reserve Statistical Release

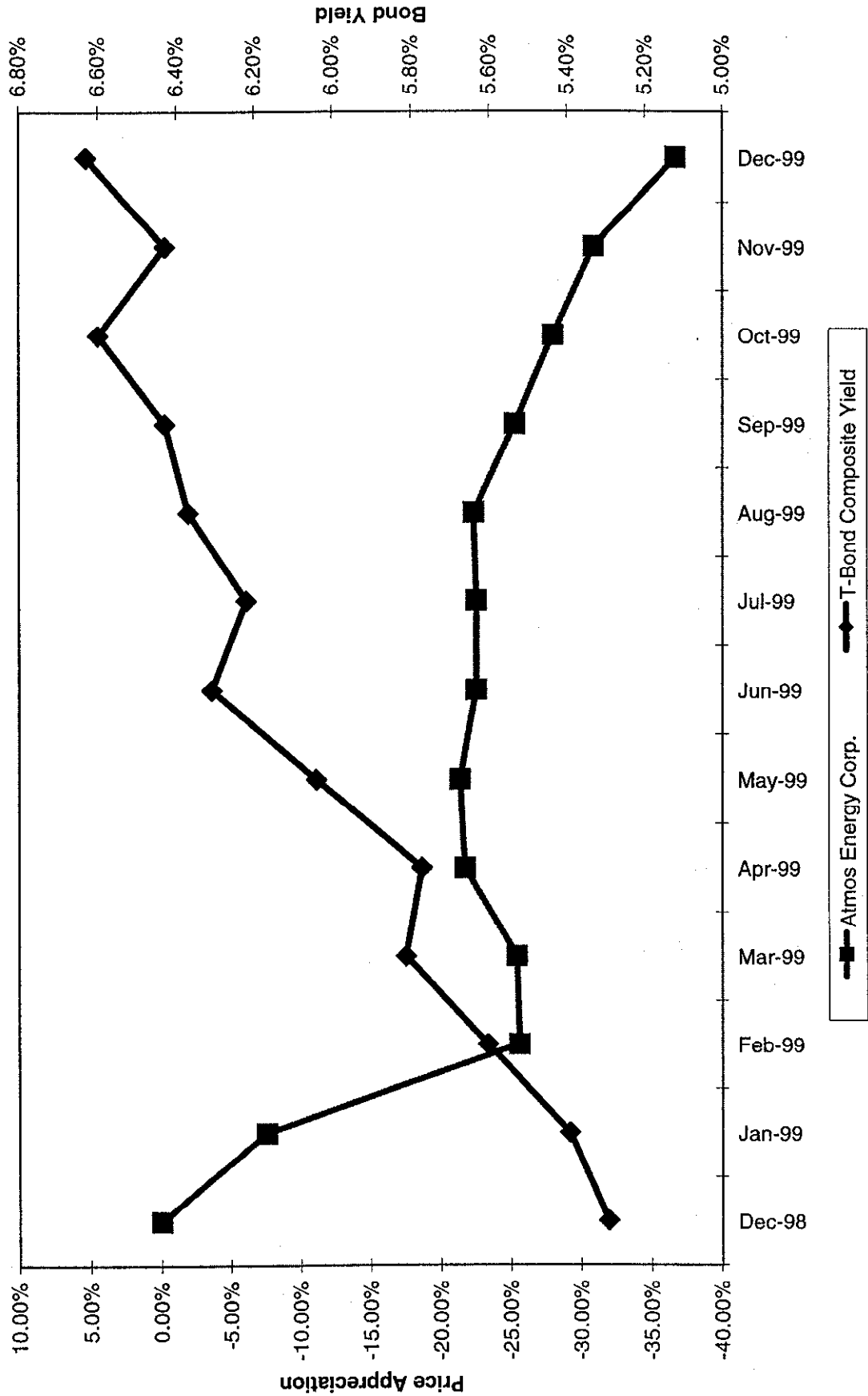
Comparison of Price Appreciation for Mergent's Gas Companies



Atmos Stock Price vs. DJ Utility Index



Comparison of Atmos Price Appreciation to Treasury Bond Yields



United Cities Gas Company

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Dividend Yield Comparison for the Past Five Years

	1995	1996	1997	1998	1999	Five Year Average
Atmos Energy Corporation	5.0%	4.2%	4.2%	3.7%	4.1%	4.2%
AGL Resources	6.2%	5.6%	5.4%	5.5%	5.6%	5.7%
Energen Corporation	5.2%	5.0%	3.9%	3.3%	3.6%	4.2%
Laclede Gas	6.3%	5.6%	5.6%	5.4%	5.7%	5.7%
New Jersey Resources	6.7%	5.6%	5.3%	4.6%	4.5%	5.3%
Northwest Natural Gas	5.7%	5.2%	4.8%	4.5%	N/A	5.1%
Piedmont Natural Gas	5.4%	4.9%	4.8%	4.0%	4.2%	4.7%
Comparable Companies' Averages	5.9%	5.3%	5.0%	4.8%	5.0%	5.2%

Source: Value Line Investment Survey

Note: N/A - Not Available

United Cities Gas Company

A Division of Atmos Energy Corporation

Price / Earnings Ratios Comparison for the Past Five Years

	1995	1996	1997	1998	1999	Five Year Average
Atmos Energy Corporation	15.0	15.1	17.9	15.4	33.0	19.3
AGL Resources	12.6	13.8	14.7	13.9	21.4	15.3
Energen Corporation	11.1	12.3	12.0	15.4	13.5	12.9
Laclede Gas	15.5	11.9	12.5	15.5	15.6	14.2
New Jersey Resources	11.7	13.6	13.5	15.3	15.2	13.9
Northwest Natural Gas	12.9	11.7	14.4	26.7	N/A	16.4
Piedmont Natural Gas	13.8	13.9	13.6	16.3	17.7	15.1
Comparable Companies' Averages	12.9	12.9	13.5	17.2	16.7	14.6

Source: Value Line Investment Survey

Note: N/A - Not Available

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Comparison of Value Line's Safety Rank

	Safety Rank
Atmos Energy Corporation	2
AGL Resources	2
Energen Corporation	2
Laclede Gas	1
New Jersey Resources	2
Northwest Natural Gas	2
Piedmont Natural Gas	2
Comparable Companies' Averages	1.8

Source: Value Line Investment Survey

United Cities Gas Company

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Comparison of Value Line's Timeliness Rank

	Timeliness Rank
Atmos Energy Corporation	5
AGL Resources	4
Energen Corporation	3
Laclede Gas	3
New Jersey Resources	4
Northwest Natural Gas	3
Piedmont Natural Gas	4
Comparable Companies' Averages	3.5

Source: Value Line Investment Survey

United Cities Company
A Division of Atmos Energy Corporation

Proposed Cost of Capital

As of September 30, 2000

Item	Amount	Share	Cost of Capital	Weighted Cost of Capital
Shareholders' Equity	\$ 469,507,895	49.80%	12.50%	6.22%
Long Term Debt	\$ 379,454,280	40.25%	8.21%	3.30%
Short Term Debt	\$ 93,843,896	9.95%	6.10%	0.61%
Total	\$ 942,806,071	100.00%		10.14%

Source:
United Cities Gas Company Work Papers

United Cities Gas Company

A Division of Atmos Energy Corporation

Comparable Local Distribution Companies

Comparison of After-Tax Times Long Term Interest Earned Ratios

Atmos Energy Corporation	at 12.5% ROE	2.59
AGL Resources		2.65
<i>Energen Corporation</i>		2.36
Laclede Gas		3.06
New Jersey Resources		3.45
Northwest Natural Gas		2.01
Piedmont Natural Gas		3.01
Comparable Companies' Average		2.76

Source : Value Line Investment Survey